

Message Text

CONFIDENTIAL

PAGE 01 STATE 090215
ORIGIN ARA-14

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DRAFTED BY ARA/AND - MR. FULLER:LEE
APPROVED BY ARA/AND - MR. BARNEBEY
NSC - MR. PASTOR
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O 072302Z APR 78
FM SECSTATE WASHDC
TO AMEMBASSY LIMA IMMEDIATE

C O N F I D E N T I A L STATE 090215

E.O. 11652: GDS

TAGS: PE, EFIN, PDRP

SUBJECT: PRESIDENTIAL LETTER

FOLLOWING IS TEXT OF LETTER OF APRIL 4 FROM PRESIDENT
MORALES BERMUDEZ TO PRESIDENT CARTER, DELIVERED TO ARA BY
PERUVIAN AMBASSADOR APRIL 7.

QUOTE: DEAR MR. PRESIDENT:

1. THIS LETTER HAS A PARTICULAR AND SPECIFIC OBJECTIVE, IN
THE BROAD AND CONSTRUCTIVE FRAMEWORK WITHIN WHICH THERE
HAS TAKEN PLACE SUCH A STIMULATING EXCHANGE OF VIEWPOINTS
WITH YOU CONCERNING REGIONAL AND WORLDWIDE ISSUES AS WELL
AS OTHER MATTERS OF COMMON INTEREST.

2. AT THIS TIME I WOULD LIKE TO REITERATE THE DEEP SENTI-
MENTS THAT INSPIRE MY GOVERNMENT TO ATTAIN FULL RESTORATION
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 STATE 090215

OF DEMOCRATIC INSTITUTIONALIZATION IN MY COUNTRY. THIS
WILL BE COMPLEMENTED BY THE SOCIAL ADVANCES ACHIEVED DURING
THE PAST YEARS, UNDER THE INSPIRATION OF THE CHRISTIAN
HUMANISM THAT HAS SUSTAINED OUR POLITICAL PROCESS.

3. AS YOU ARE AWARE, AND I WOULD HARDLY WISH TO CONCEAL
IT, OUR DEMOCRATIC ASPIRATIONS MEET A SERIOUS OBSTACLE IN

THE FINANCIAL CRISIS UNDERWAY IN PERU. I WOULD NOT WISH FOR YOU TO INTERPRET THE OPPOSITION OF THESE TWO REAL FACTORS AS A RESORT FOR URGING COOPERATION FROM THE UNITED STATES. THE TRUTH OF THE MATTER IS THAT SUCH COOPERATION DOES HAVE A GREAT SIGNIFICANCE AT THE PRESENT MOMENT. YOU KNOW, MR. PRESIDENT, OF THE EFFORTS OF MY GOVERNMENT TO PUT INTO EFFECT A STRICT PROGRAM OF ECONOMIC AUSTERITY TO HELP SOLVE THIS CRISIS. THE PROGRAM IS ALREADY PAINFULLY REFLECTED IN THE SACRIFICES ACTUALLY FACED BY THE PERUVIAN PEOPLE. IT IS ALMOST IMPOSSIBLE FOR MY GOVERNMENT TO GO ANY FURTHER WITHOUT SERIOUSLY COMPROMISING THE CONDITIONS OF LIFE IN MY COUNTRY.

4. IN ORDER TO PRESERVE THE HEALTH OF THE REPUBLIC AND TO GUARANTEE THE DEMOCRATIC TRANSFERENCE OF POWER, THE DEFENSE OF HUMAN RIGHTS AND THE SOCIAL REFORMS WHICH HAVE BEEN ACHIEVED, WE FIND IT NECESSARY THAT THE FRIENDLY SUPPORT OF THE UNITED STATES BE EXPRESSED, IN VIEW OF THE PRESENT SITUATION, THROUGH THREE COURSES OF ACTION. FIRST, BY ACTING BEFORE THE INTERNATIONAL MONETARY FUND - AS YOUR GOVERNMENT HAS ALREADY DONE - SO THAT THE DEMANDS MADE TO PERU BY THIS INSTITUTION TO IMPLEMENT THE STAND-BY DO NOT BEAR THE FINANCIAL RIGIDITY AND SOCIAL IMPERVIOUSNESS WHICH ARE NOW, IN THEIR MORE SEVERE RESPECTS, VIRTUALLY INAPPLICABLE IN A COUNTRY LIKE PERU. SECONDLY, THAT

CONFIDENTIAL

PAGE 03 STATE 090215

YOUR ADMINISTRATION MAY CONSIDER THE POSSIBILITY OF DIRECT PARTICIPATION OF THE UNITED STATES TREASURY IN SUPPORT-LOANS FOR PERU'S BALANCE OF PAYMENTS THAT WOULD ALLOW US TO MEET IMMEDIATE CONTINGENCIES, UNTIL THE BEST POSSIBLE CONDITIONS CAN BE NEGOTIATED WITH THE INTERNATIONAL MONETARY FUND FOR THE STAND-BY AGREEMENT. FINALLY, THE THIRD COURSE OF ACTION WOULD IMPLY YOUR GOVERNMENT'S RECEPTIVITY TO THE STEPS THAT PERU MUST TAKE IN THE FUTURE IN ORDER TO RESTRUCTURE ITS FOREIGN DEBT, WHICH IS A FUNDAMENTAL MEASURE TO ENSURE THE HARMONIOUS DEVELOPMENT OF MY COUNTRY IN THE IMMEDIATE FUTURE. TO BRING ABOUT THIS RENEGOTIATION MY GOVERNMENT IS CONSIDERING A PRESTIGIOUS REGIONAL INSTITUTION SUCH AS THE INTER-AMERICAN DEVELOPMENT BANK WHICH COULD EFFICIENTLY SERVE AS A CENTRALIZING ENTITY FOR THIS PURPOSE. THE VISIT TO WASHINGTON OF A PERUVIAN MISSION, REFERRED TO IN THE NEXT PARAGRAPH, COULD COLLECT THE VIEWPOINTS OF THE UNITED STATES AUTHORITIES IN THIS REGARD AND, SHOULD IT BE POSITIVE, TALK OVER WITH THE PRESIDENT OF THE INTER-AMERICAN DEVELOPMENT BANK THE MOST ADEQUATE PROCEDURES FOR A FUTURE CONVENING OF PERU'S CREDITORS.

5. I HAVE PREFERRED TO PRESENT TO MY FRIEND AND CHIEF OF

STATE OF A COUNTRY WHICH MAINTAINS CLOSE AND OLD TIES WITH MY OWN THE CRUCIAL ASPECTS OF THE FINANCIAL PROBLEMS OF PERU, IN A DIRECT MANNER, DEVOID OF ROUNDABOUT LANGUAGE. FOR THE PURPOSE OF DISCUSSING THESE ASPECTS IN FURTHER DETAIL I AM SENDING TO WASHINGTON A MISSION COMPOSED OF AMBASSADOR JOSE DE LA PUENTE, MINISTER OF FOREIGN RELATIONS OF PERU, AND BY GENERAL ALCIBIADES SAENZ BARSALLO, MINISTER OF ECONOMY AND FINANCE. I ASSIGN SPECIAL SIGNIFICANCE TO THE POSSIBILITY OF YOUR RECEIVING THEM AND HEARING FROM THEM, PERSONALLY, THE CONCERNS I HAVE EXPRESSED TO YOU IN THIS LETTER AS WELL AS THE PERSONAL SENTIMENTS THAT THEY WILL BE TRANSMITTING TO YOU ON MY BEHALF TOGETHER.

CONFIDENTIAL

PAGE 04 STATE 090215

WITH MY FERVENT WISHES FOR THE PROSPERITY OF THE UNITED STATES AND THE PERMANENT ASSURANCES OF MY HIGHEST CONSIDERATION AND FRIENDSHIP. GENERAL FRANCISCO MORALES BERMUDEZ C., PRESIDENT OF THE REPUBLIC OF PERU. END QUOTE.

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